

SAVING FOR COLLEGE IS SIMPLE



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WHAT IS MET?

WHAT IS MICHIGAN EDUCATION TRUST (MET)?

Your Smartest Investment

College tuition is a moving target. Tuition costs have doubled (and in most cases tripled) over the lifetime of today's college freshmen. No matter how much you save today, it's impossible to know what tuition will cost tomorrow. But, with Michigan Education Trust (MET), you don't need to know. MET is Michigan's 529 prepaid tuition program that allows parents, grandparents, businesses and others to prepay undergraduate tuition at today's rates. MET contracts are easy to set up, easy to use and, most important, an easy way to plan for college savings. A MET contract is one of the smartest investments you can make in a child.

The MET Program: A Summary

MET contracts can be purchased for any child residing in Michigan and applied at any public college or university. In addition, students may direct refund payments to Michigan private and out-of-state institutions. Since 1988, more than 96,000 MET contracts have been purchased, and today over 16,300 students are using their MET benefits at Michigan public colleges and universities, private colleges and out-of-state institutions.

MET Covers Tuition Only

MET does not cover room, board, books, non-mandatory fees and other expenses. However, if a student receives a scholarship or grant that covers tuition and fees, MET will pay for tuition and mandatory fees at 100 percent and excess funds can be applied toward other qualified higher education expenses.

HOW MET WORKS

MET's Contract

MET has covered the cost of higher education for thousands of students since the inception of the program. When a Purchaser buys prepaid tuition credit hours at MET's current prices, MET enters into a contractual agreement with them. Under that contract, MET provides payment of future tuition and mandatory fees for all educational benefits purchased. With the Limited Benefits Plan contract, there may be additional costs at certain universities. MET provides in-state tuition at public four-year colleges and universities in Michigan or in-district tuition at public community colleges in Michigan for the credit hours purchased under the contract.

It's important to understand how the MET agreement works. MET is a public body created by Michigan's Legislature (Public Act 316 of 1986) and is housed within the Michigan Department of Treasury. MET must operate and finance its activities only through its assets. To protect those assets from other uses by the State, only MET, and not the State, controls its assets.

Experienced money managers at the Department of Treasury invest the money paid by MET Purchasers. MET then uses funds and investment earnings to pay MET Beneficiaries' tuition costs and mandatory fees. An independent actuarial evaluation and financial audit are conducted each year so that contract prices can be adjusted to correspond with future benefit payments. If at some point MET's assets are not sufficient to meet those obligations, and if the Legislature does not appropriate enough money to cover the difference, the money in the program will be returned to Purchasers on a pro rata basis.

MET has never failed to honor a contract. Since MET's introduction in 1988, annual actuarial reviews have declared the Trust financially sound. When the actuarial evaluation and financial audit are completed, an annual report is prepared and made available to all MET Purchasers as required by law.

Annual reports beginning with the 2000-2001 fiscal year are available at www.SETwithMET.com or upon request to the MET office at 1-800-MET-4-KID (1-800-638-4543).

3 PLANS TO CHOOSE FROM

THREE PLANS, ONE PURPOSE

MET offers three different plans to help Purchasers make the most of their tuition savings.



1

THE FULL BENEFITS PLAN

The Full Benefits Plan provides full in-state tuition and mandatory fees at any Michigan public university, or tuition and mandatory fees at Michigan public community colleges (in-district or out-of-district) up to the number of credit hours required for a standard four-year bachelor's degree (usually 120 semester credit hours).

Individuals may purchase in semester increments up to 10 semesters (five years) of tuition.

2

THE LIMITED BENEFITS PLAN

The Limited Benefits Plan provides in-state tuition and mandatory fees at Michigan public universities or tuition and mandatory fees at Michigan public community colleges (in-district or out-of-district) up to 105 percent of the weighted average tuition of all Michigan public four-year universities. If a student decides to attend a Michigan public college where tuition costs are higher than average, the number of credits allowed will be prorated based on the number of credit hours MET can purchase with 105 percent of the weighted average cost of Michigan public four-year universities. This plan might not cover the full cost of Michigan's most expensive institutions.

Students who attend a school where tuition is not fully covered under the Limited Benefits Plan will receive the number of credit hours MET can purchase at the time of college enrollment.

FOR EXAMPLE, IN 2011:

- If a student with a four-year Limited Benefits Plan contract attends the University of Michigan - Ann Arbor, MET will pay for 100 credit hours.
- If a student attends Michigan Technological University, MET will pay for 104 credit hours.
- If a student attends Michigan State University, MET will pay for 108 credit hours.

Individuals may purchase in semester increments up to 10 semesters (five years).

3

THE COMMUNITY COLLEGE PLAN

The Community College Plan provides in-district tuition and mandatory fees at Michigan public community colleges. Some areas of the State are not within a community college district. Students who attend a community college out of their district will be responsible to pay the difference between the out-of-district and in-district tuition costs.

Individuals may purchase in semester increments up to four semesters (two years) under this contract.

If a Beneficiary attends a Michigan independent (private) college or university, an out-of-state institution, or attends a



ELIGIBILITY

Eligibility to Enter Into a MET Contract

The Purchaser and Beneficiary must meet all the eligibility requirements to enter into a contract.

Purchaser Eligibility Requirements:

1. The Purchaser must reside in the United States.
2. MET contracts cannot be purchased by residents of Arizona, Illinois, New York, North Dakota, Ohio or Vermont due to those states' securities laws.
3. For lump sum purchases, the Purchaser may enroll online and send the contract amount electronically at www.SETwithMET.com. Alternatively, the Purchaser may sign and submit the MET Contract Signature Page (Form 3691) and the total contract amount by mail to the MET office or submit it in person at a Treasury office. Contracts can only be purchased during an enrollment period.
4. You may enroll online and send the contract amount electronically, but the Contract Signature Page must still be printed and mailed to MET for your contract to be processed.
5. For monthly purchase contracts, only the processing fee must be submitted with the Contract Signature Page.

Beneficiary Eligibility Requirements:

1. The Beneficiary must be a Michigan resident at the time of purchase.
2. The Beneficiary must have a valid Social Security number.

Access to Contract Information

MET will protect private information. Contract information will be disclosed only to those persons listed on the contract as Beneficiary Purchaser or Appointee. MET will only provide general program information to all other inquiries.

REFUNDS AND RESTRICTIONS

MET Offers Many Choices

MET recognizes that not all students will attend a Michigan public college. If the Beneficiary chooses to go to a Michigan independent (private) college or university or to an out-of-state college, MET does not provide full tuition at those institutions. Instead, MET pays a refund based on the plan chosen.

Full Benefits Plan Refund:

1. When a student with a Full Benefits Plan contract attends a Michigan independent (private) college or university and directs the refund to the institution, MET will make refund payments based on the weighted average tuition of all Michigan public four-year universities.
2. If a student attends an out-of-state college and directs the refund to the institution or receives a full-tuition scholarship, refund payments will be based on the average tuition of all Michigan public four-year universities.
3. If a student chooses not to attend college, refund payments will be based on the Michigan public four-year university with the lowest tuition.

Limited Benefits Plan Refund:

1. When a student with a Limited Benefits Plan contract attends a Michigan independent (private) college or university and directs the refund to the institution, MET will make refund payments based on the weighted average tuition of the Michigan public four-year university whose tuition does not exceed 105 percent of the weighted average tuition.
2. Students choosing out-of-state colleges, those who receive full-tuition scholarships and those who choose not to attend college will receive refund payments based on the Michigan public four-year university with the lowest tuition.

Community College Plan Refund:

1. When a student with a Community College Plan contract attends a Michigan public university or a Michigan independent (private) college or university and directs the refund to the institution, MET will make refund payments based on the weighted average tuition of Michigan's public community colleges.
2. When a student attends an out-of-state college and directs the refund to the institution or receives a full tuition scholarship, refund payments will be based on the average tuition of Michigan public community colleges.
3. If a student chooses not to attend college, refund payments will be based on the Michigan public community college with the lowest tuition.

Refund Restrictions

Once a student earns more than half of the credit hours required for a four-year bachelor's degree at a Michigan public four-year university, the balance of the contract cannot be terminated for a cash refund. Purchasers may, however, direct the refund to a Michigan private or out-of-state institution of higher education to pay tuition.

The right to request a refund may also be lost in instances of failure to use contractual educational benefits or receive a full



Impact on Financial Aid

The purchase of a MET contract, like any other investment made in a child's name, will have an effect on the child's ability to receive various forms of financial aid. Currently, financial aid eligibility is based on a number of factors, including a family's size, income, assets and the age of the parents.

A MET contract is recognized as a "parental asset" instead of a "student resource" when the Beneficiary applies for financial aid. This means that only 5.6 percent of the MET contract value will be counted in the federal analysis to determine the student's eligibility to receive need-based aid. Of the three major sources of financial aid - federal government, state government, and colleges and universities - each has different rules regarding financial aid eligibility. Before deciding to purchase a MET contract, you might want to check with these entities regarding how it affects financial aid eligibility.

Impact on Medicaid Eligibility

Purchasing a MET contract could adversely affect your eligibility for federal and State health care assistance programs and, in particular, Medicaid long-term care assistance. When determining Medicaid eligibility, it is probable that Medicaid authorities will consider the MET contract to be the Purchaser's "available" asset for up to 60 months after the contract is purchased.

Bankruptcy Exclusions

The federal Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 provides a limited exclusion from an individual's bankruptcy estate (and, therefore, will not be available to creditors) for a MET contract. To be protected, the Beneficiary must be the Purchaser's child, stepchild, grandchild or step-grandchild, and the contract must have been purchased at least 365 days before filing for bankruptcy. The exclusion is limited to \$5,475 for all MET contracts (and other qualified tuition plan contributions) for the Beneficiary between 365 and 720 days before the bankruptcy filing. Contracts purchased more than 720 days before a bankruptcy filing are generally excluded from the bankruptcy estate.

PAYMENT OPTIONS

Monthly Purchase Contracts Make MET More Affordable

MET contracts can be purchased on a monthly basis rather than in one lump sum. The Purchaser of a monthly contract buys a percentage of educational benefits with every monthly payment. The percentage that each payment buys depends on the number of years over which the Purchaser elects to make payments.

Depending on the age/grade of the child, monthly payments may be made over four, seven, 10 or 15 years. The total amount paid through a monthly purchase contract is greater than a lump sum payment because monthly payments must be invested gradually and, therefore, earn less for MET over time than lump sums.

Monthly Payment Options: Monthly payments can be made by coupon book, payroll deduction or Automatic Clearing House (ACH).

Monthly Payment Dates: Depending on the date a monthly purchase contract is submitted, monthly payments will begin Feb. 25, May 25 or Sept. 25. Subsequent monthly payments are due on the 25th of each month. The Purchaser must pay a \$10 late fee for late payments and must make the monthly payment with the applicable late fee within 60 days of the scheduled due date or he or she may not continue making monthly purchases.

No Obligations: A Purchaser is not obligated to continue making monthly payments. If a Purchaser elects to discontinue monthly payments, MET has no legal right to force payment. A Purchaser who discontinues monthly payments will receive only those benefits for which timely monthly payments have been made. Those payments remain with MET until the Beneficiary reaches age 18 or graduates from high school.

A Purchaser who has stopped monthly payments may enroll to acquire additional benefits during a future enrollment period at the new cost. If the Purchaser decides to pay the entire balance more than a year before the final payment is due, MET will provide the Purchaser an early payment discount.

If selecting the coupon book option, the Purchaser is responsible for making all monthly payments in accordance with the dates due.

Note: The coupons are provided for

TRANSFERRING A MET CONTRACT

MET Makes It Easy to Transfer Between Colleges or Universities

You may start at one institution and decide to finish at another. Transfers among all Michigan public institutions are permitted.

With the Full Benefits and Limited Benefits plans, Beneficiaries may attend a Michigan public community college before attending a Michigan public university. If the Beneficiary has four years of educational benefits and attends a community college for two years or less, the Beneficiary will be entitled to the number of additional credit hours required to complete a four-year bachelor's degree. This will apply if all credit hours at the community college do not transfer to the Michigan public university. This does not apply if the Beneficiary has less than four years of educational benefits or transfers to a Michigan public university after attending more than two academic years at a Michigan public community college, unless the Beneficiary receives an associate degree within two academic years. In those cases, the Beneficiary will receive only the credit hours remaining under the contract.

You Have Time to Decide

A Beneficiary has 15 years from the beginning of the expected high school graduation year (academic year) specified in the contract to use all educational benefits. Failure to completely exercise the rights under the contract within 15 years will result in the closure of the contract and the refund of prepaid tuition less the value of educational benefits or refund previously paid by MET.

The Beneficiary must notify MET when he or she is ready to begin college. A student handbook, which contains the forms and instructions for activating a MET contract, is available online for eligible Beneficiaries in the spring of their senior year of high school.

A Beneficiary who advances through high school at an accelerated pace may use his or her educational benefits early. Documentation of the Beneficiary's acceleration is required by MET.

A MET Contract Is Transferable to Family Members

Everyone's life is full of changes. After the Beneficiary turns 18 years old, the contract may be transferred to an immediate family member (as defined in the contract) without any tax implications. However, if the original Beneficiary has earned more than half the credit hours required for a four-year bachelor's degree at a Michigan public university, any remaining benefits transferred must be used at a Michigan public institution or terminated for a refund payable to a higher education institution as defined in the contract. Termination by the new Beneficiary for a refund payable to the refund designee is not allowed. To protect MET, the transfer will be subject to an additional contract payment if the new Beneficiary is older than the original Beneficiary and the new Beneficiary was ineligible to be a Beneficiary of a contract in the year the contract was purchased. No payment of any type can be made to anyone, except MET, for transfer of a contract.

TAX ADVANTAGES

Great Tax Advantages

This tax discussion is included for general information only. Consult a tax advisor for advice on how the Purchaser/Beneficiary might be specifically affected as a result of program participation.

State Income Tax Deduction

A Purchaser may deduct the amount paid for a contract from taxable income when determining Michigan income tax for the year in which the contract is purchased.

Federal and State Income Tax Matters

MET is a qualified tuition program under Section 529 of the Internal Revenue Code. MET benefits used to pay college tuition and mandatory fees are exempt from federal and Michigan income taxes. If, however, a MET contract is terminated and the refund is not used to pay qualified higher education expenses, contract "earnings" (the value of the refund over the amount paid for the corresponding portion of the contract) could be subject to federal and Michigan income taxes and a 10 percent federal excise tax. The person receiving the refund will be responsible for those taxes.

For 2009 and 2010, the American Opportunity Tax Credit (AOTC) allowed a credit, subject to income limits, against federal income tax of up to \$2,500 each year for qualified tuition and fees paid for the first four years of a student's post-secondary education. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 extends the AOTC for two additional years until Dec. 31, 2012. The Hope Scholarship Credit (2008 and prior) allowed a credit, subject to income limits, against federal income tax of up to \$1,800 each year for qualified tuition and fees paid for the first two years of a student's post-secondary education. The Lifetime Learning Credit allows a credit, subject to income limits, against federal income tax of up to \$2,000 each year per return for tuition and fees paid on behalf of the taxpayer, the taxpayer's spouse or any dependent.

You cannot claim an American Opportunity, Hope Scholarship or Lifetime Learning Credit for expenses paid with MET contract "earnings." There is also a deduction for up to \$4,000 for qualified higher education tuition and fees available for federal income tax purposes. Subject to income limitations, the amount reflecting the cost of purchasing a MET contract, when used to pay tuition and fees for the taxpayer, the taxpayer's spouse or dependent, may qualify for the Tuition and Fees Deduction. The Tuition and Fees Deduction can't be claimed for any student for which an American Opportunity, Hope Scholarship or Lifetime Learning Credit is claimed in the same year.

The maximum annual contribution to Coverdell Education Savings Accounts (ESA) for a Beneficiary is \$2,000. In addition, under current federal law, beginning in 2011, a 6 percent excise tax will apply to contributions made to an ESA in the same year as the contribution to a Qualified Tuition Program for the same Beneficiary.

These descriptions of the Hope Scholarship Credit, Lifetime Learning Credit, Tuition and Fees education, and ESA are not exhaustive. You should consult with a tax advisor concerning specific questions on how the federal tax law may affect you.

Federal Gift Tax

A MET contract purchase constitutes a gift from the Purchaser to the Beneficiary, provided the Beneficiary is not the Purchaser or Purchaser's spouse. That gift does not require payment of any federal tax until the Purchaser has made lifetime gifts in excess of the corresponding unified credit amount. At present, the lifetime gift amount is \$1,000,000 for an individual. The Purchaser may need to file a United States Gift Tax Return (U.S. Form 709) for the year the contract is purchased. A special election exists that allows the contributor to elect to prorate the entire taxable gift amount that exceeds the annual "present interest" gift tax exclusion limit, allowing the contributor to have the contribution treated as if made over a five-year period.

If the cost of a MET contract for a Beneficiary in a single year exceeds \$13,000, the Purchaser may elect to treat up to \$65,000 of the contributions or \$130,000 for joint filers, as having been made over a period of up to five years for federal gift tax exclusion.

Low Administrative Costs

Up to 1 percent of MET's total asset value can be used for program administration. However, for fiscal year 2011, less than one-half of 1 percent (0.48 percent) of the total assets were used for program administration.

The only administrative fees charged are a processing fee, a transfer fee, a termination fee (if terminated for a refund) and a late monthly payment fee. No other fees will be charged.

FAQ

Frequently Asked Questions About MET

1. Can MET students attend any Michigan public college or university?

Yes. MET benefits can be used at any Michigan public college or university upon the student meeting that institution's admission standards. MET does not guarantee that a student will be admitted to any Michigan college or university.

2. Must a student use his or her MET contract immediately after high school graduation?

No. A student has 15 academic years from the expected high school graduation year to use all credit hours or receive a refund.

3. What are the mandatory fees?

Mandatory fees are those that are required to be paid by all students attending a particular college/university. Application fees, contact hour fees and fees that are course specific (such as lab fees for science and computer classes), fees assessed on the number of credit hours enrolled and health insurance fees are not covered. MET does not pay for room and board or books.

4. What if my student's major requires more than 120 credit hours?

MET will stop providing benefits under this Contract when MET has paid the semesters purchased. If MET pays for courses that are repeated to improve a student's grade point average or for incomplete, failed or withdrawn classes, they will count against the total number of credit hours allowed under the contract. A standard baccalaureate degree usually consists of 120 semester credit hours (or, on average, 30 credit hours each year).

5. What if my student receives a full scholarship?

If a Beneficiary receives a full tuition scholarship, he or she may terminate the contract and the refund designee will receive a refund of the average tuition (Full Benefits and Community College contracts) or lowest tuition (Limited Benefits contract). A full scholarship must be equivalent to or greater than the contract years purchased. For example, the student owns a two-year contract and is awarded a two-year scholarship, a four-year tuition scholarship, a two-year community college scholarship, or a one-year scholarship renewable for four years.

6. What if my student receives a partial scholarship?

Students who receive partial tuition scholarships, grants or other types of tuition assistance (including faculty/employee benefits paid by a public institution) may not need all of the educational benefits provided under the MET contract. The institution should invoice MET for all credit hours for which a student enrolls. Any excess amount should be applied to other higher education expenses or refunded to the student by the institution.

7. What if my student attends a Michigan independent (private) or out-of-state college or university?

If a student is accepted by a Michigan independent (private) or out-of-state college, a refund can be directed to that college. The refund amount will vary, based on the type of contract.

FAQ (CONTINUED)

8. Who can terminate a MET contract?

Only a MET student who is at least 18 years of age or has obtained a high school diploma may terminate a contract. Therefore, neither a parent nor a Purchaser has the right to terminate a MET contract for any reason. The only exception is if the student has died or is diagnosed as learning disabled. In such cases, a person with legal authority to act on behalf of the student may terminate the contract. The MET Board, in its discretion, may approve an early termination of the contract at the request of the Purchaser.

9. How does MET pay for future tuition?

Experienced money managers at the Department of Treasury invest the money paid by MET Purchasers. Those funds are invested in equities and bonds. MET uses the funds and investment earnings to pay MET Beneficiaries' tuition costs and mandatory fees.

10. Who manages the MET fund investments?

The Department of Treasury, Bureau of Investments, manages MET's investments and has successfully managed Michigan's \$45.6 billion pension fund, which is the 17th largest defined benefit public pension fund in the nation and the 20th largest defined benefit pension fund in the nation.

11. Are MET purchases made with pretax or after-tax dollars?

When purchasing a MET contract, you are using after-tax dollars. Pretax contributions are usually reserved for 401(k) types of retirement plans. However, the full cost of a MET contract can be deducted from Michigan income taxes.

12. Can credit hours be applied to graduate school or advanced programs?

MET contracts are designed to cover undergraduate courses. However, if a student graduates from college after using the MET contract for undergraduate studies and has credit hours remaining on his or her MET contract, the remaining credit hours may be used toward graduate school or an advanced program at a Michigan public college or university at the undergraduate tuition rate.

13. Can another Section 529 program be used to purchase a MET contract?

Yes. A MET Rollover of Account Funds (Form 3953) must be submitted to the other 529 program to request funds be sent directly to MET. When the other 529 program sends a check directly to MET, it is considered to be a direct rollover.

Alternatively, you may conduct an indirect rollover by withdrawing the funds from the other 529 program and submitting the check to MET within 60 days of the withdrawal along with a MET Rollover of Account Funds (Form 3953).

14. What if a Purchaser dies?

The death of the Purchaser does not terminate the MET contract. The total lump sum or monthly purchases received remain with MET until the Beneficiary is 18 years old or graduates from high school. The Contract Signature Page allows the Purchaser to name the Appointee to become the Purchaser in the event of the Purchaser's death. Otherwise, the personal representative should contact MET to add an Appointee to the contract and change the refund designee, if necessary. However, if the Beneficiary is the refund designee, a change is not allowed. If a Purchaser of a monthly purchase contract dies while monthly installments are still being submitted, the total of all monthly purchases received remain with MET until the Beneficiary is 18 years old or graduates from high school. The estate may pay the contract in full or another contract can be purchased by someone else to provide additional benefits.

15. What if a Purchaser divorces?

Only one person can be named on the Contract Signature Page as a Purchaser. Once the contract is accepted by MET, the contract belongs to the Beneficiary. If the Purchaser is named as the refund designee, he or she will retain the right to a refund if the Beneficiary decides not to attend college or the right to change the refund designee, if desired.

16. How does a MET contract affect a student's eligibility for financial aid?

MET contracts are recognized as a parental asset in determining the student's federal financial aid eligibility. Only 5.6 percent of a MET contract's value counts toward the expected family contribution.

17. Does the State of Michigan offer any other education savings programs?

Yes, there are two: The Michigan Education Savings Program (MESP) offers seven investment options to encourage families to save for higher education. The MI 529 Advisor Plan (MAP) offers multiple investment options through a Broker or Financial Advisor. Savings from both of these programs may be used for tuition, fees, room, board, books and equipment required for enrollment. For more information, visit the MESP website at www.misaves.com or call toll-free 1-877-861-MESP.

Visit the MAP website at www.MI529Advisor.com or call toll-free 1-866-529-8818.

In 2011, TIAA-CREF Tuition Financing, Inc., serves as the program manager for MESP. Allianz Global Investors Distributor (AGID) serves as the program administrator for the MI 529 Advisor Plan.

18. Will MET cover tuition for a student who moves out-of-state after a contract has been purchased but wants to attend a Michigan public college or university?

Under the Full and Limited Benefits contracts, MET provides payment of in-state undergraduate tuition and mandatory fees at a Michigan public university. Each university determines residency requirements. A student who moves out of the State of Michigan after the contract has been purchased and still wishes to utilize the tuition benefits may do so. In such cases, if the university deems the student an out-of-state resident, MET will provide in-state tuition and mandatory fees and the student will be responsible to pay the difference between the out-of-state and in-state tuition costs directly to the university.

19. What if a student decides not to attend college?

When a MET student turns 18 or receives a high school diploma, he or she has the option of transferring the contract to an immediate family member or terminating the contract to obtain a refund paid to the refund designee.

20. If my student terminates the contract will there be a lump sum refund?

No. Pursuant to the MET statute, termination refunds are made in four annual installments for the Full or Limited Benefits contract if terminating to attend an out-of-state college, receive a full scholarship or not attend college. If terminating a Community College contract, refunds are made in two annual installments. A lump sum refund is provided upon death or learning disability of the Beneficiary.

21. What provisions can be made if my student terminates the contract for a refund for any reason and later decides to attend a Michigan public college or university?

None. The MET contract does not permit the reinstatement of a contract once it has been terminated and a full or partial refund has been made.

22. Can a MET contract be rolled over to another Section 529 Program?

The Beneficiary may rollover MET refunds from a terminated contract to another 529 program once he or she reaches age 18 or graduates from high school.

23. If a student does not graduate from high school in the expected academic year as submitted on the Contract Signature Page (Form 3691), can this date be changed?

No, but it's not a problem. Even if the student does not graduate in the year they originally expected, Section 8 of the MET Contract allows a Beneficiary 15 years from the expected academic year to completely use all contract benefits or receive a refund.

Asset management, program administration and distribution of MET contracts are provided solely by the Michigan Department of Treasury. MET is neither managed nor distributed by TIAA-CREF Tuition Financing, Inc.. TIAA-CREF

MET CONTRACT ACCEPTANCE LOCATIONS

TREASURY OFFICES

Michigan Education Trust contracts can be delivered in person to any of the following offices. Offices are open from 8 a.m. to 5 p.m. unless otherwise stated.

DETROIT

Cadillac Place, Suite L-380
3060 W. Grand Blvd.
(313) 456-4340

GRAND RAPIDS

State Office Building, 2nd Floor
350 Ottawa Ave., NW - Unit 17
(616) 356-0300

TRAVERSE CITY

701 S. Elmwood Ave., 4th Floor
(231) 922-5244
(Open 8 a.m.-12 p.m. only)

ESCANABA

State Office Building
305 Ludington St.
(906) 786-6339
(Open 8 a.m.-12 p.m. only)

LANSING AREA

Receipts Processing
Operations Center
7285 Parsons Drive
Dimondale, 48821
(517) 636-5400

FLINT

State Office Building, 7th Floor
125 E. Union St.
(810) 760-2782
(Closed 12-1p.m.)

STERLING HEIGHTS

41300 Dequindre Road, Suite 200
(586) 997-0801

**800-MET-4-KID
SETWITHMET.COM**

For the hearing/speech impaired TTY through the Michigan Relay Center by calling 800-649-3777.

MET PRIVACY POLICY

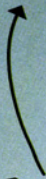
MET collects nonpublic personal information about contract Purchasers, Appointees and Beneficiaries from the following sources:

- Information received from applications or other forms.
- Information about your transactions with MET.

MET does not disclose any nonpublic personal information to anyone except companies that perform marketing or administrative services on our behalf, the Michigan Education Savings Program or as required by law.

MET restricts access to your personal and account information to those employees who need to know that information to provide products or services to you. MET maintains physical, electronic and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

CONTRACT
AND FORMS





1-800-MET-4-KID
www.SETwithMET.com



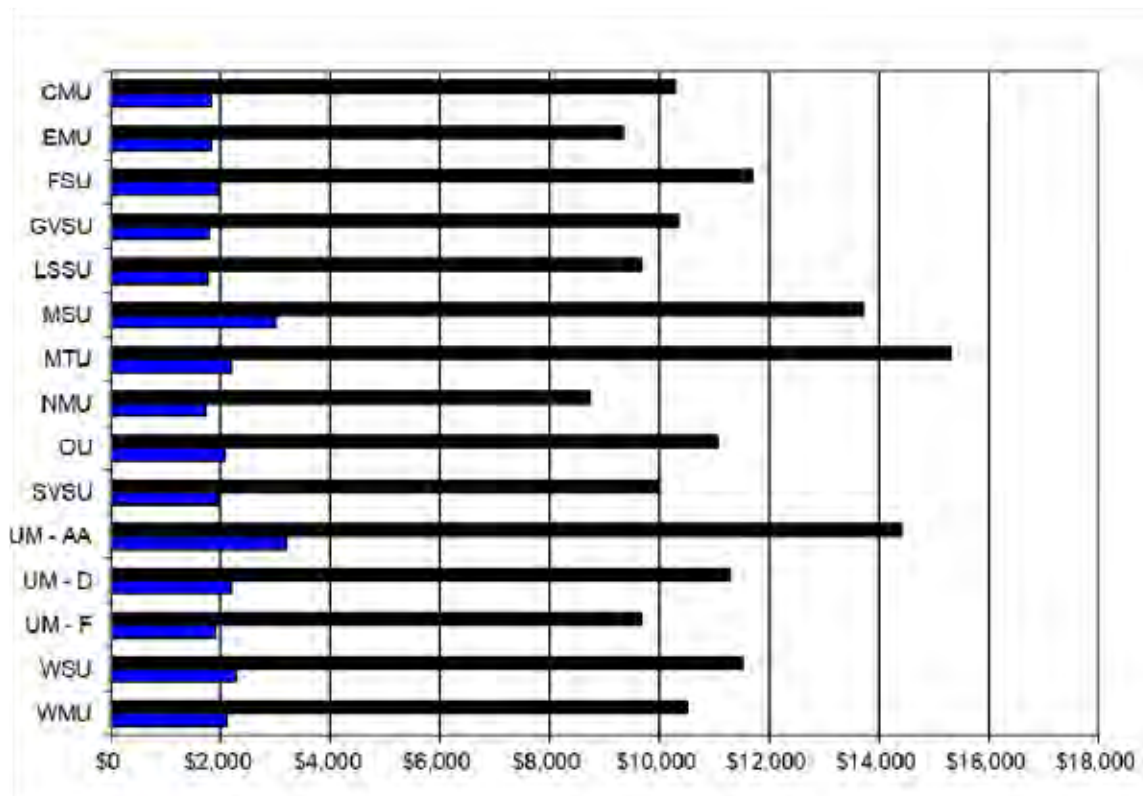
2013 CONTRACT

OPEN ENROLLMENT PERIOD
DECEMBER 10, 2012 – SEPTEMBER 30, 2013

Tuition and Mandatory Fees at Michigan Public Four-Year Universities

		1988-1989	2012-2013
CMU	Central Michigan University	\$1,827	\$10,295
EMU	Eastern Michigan University	1,820	9,342
FSU	Ferris State University	1,947	11,686
GVSU	Grand Valley State University	1,794	10,354
LSSU	Lake Superior State University	1,767	9,671
MSU	Michigan State University	3,017	13,714
MTU	Michigan Technological University	2,193	15,312
NMU	Northern Michigan University	1,729	8,747
OU	Oakland University	2,065	11,063
SVSU	Saginaw Valley State University	1,959	9,974
UM - AA	University of Michigan - Ann Arbor	3,191	14,397
UM - D	University of Michigan - Dearborn	2,190	11,278
UM - F	University of Michigan - Flint	1,920	9,675
WSU	Wayne State University	2,289	11,525
WMU	Western Michigan University	2,104	10,497

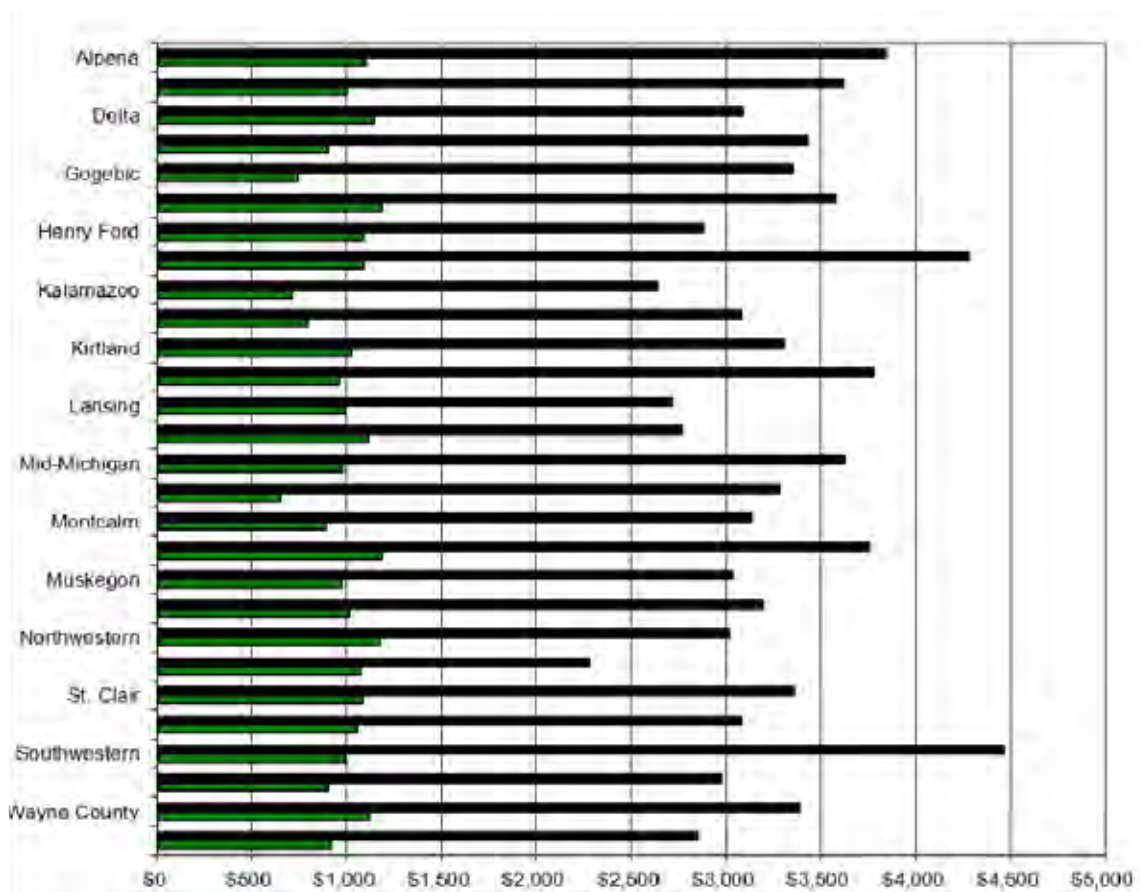
Amounts based on one year (31 semester credit hours)



Tuition and Mandatory Fees at Michigan Public Community Colleges

	1988-1989	2012-2013		1988-1989	2012-2013
Alpena	\$1,103	\$3,842	Mid-Michigan	\$980	\$3,628
Bay De Noc	1,005	3,622	Monroe	651	3,284
Delta	1,139	3,088	Montcalm	892	3,131
Glen Oaks	899	3,432	Mott	1,187	3,758
Gogebic	742	3,349	Muskegon	971	3,031
Grand Rapids	1,187	3,577	North Central	1,008	3,195
Henry Ford	1,094	2,881	Northwestern	1,172	3,014
Jackson	1,089	4,278	Oakland	1,073	2,283
Kalamazoo	713	2,638	St. Clair	1,085	3,358
Kellogg	791	3,085	Schoolcraft	1,053	3,086
Kirtland	1,020	3,310	Southwestern	992	4,464
Lake Michigan	961	3,782	Washtenaw	899	2,976
Lansing	992	2,716	Wayne County	1,121	3,386
Macomb	1,115	2,766	West Shore	918	2,855

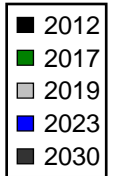
Amounts based on one year (31 semester credit hours)



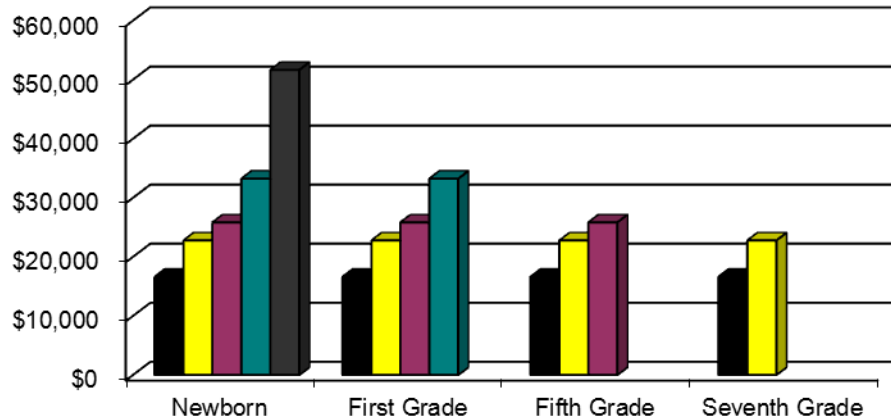
Projected Tuition Costs

College costs are projected to increase dramatically over the next 18 years.

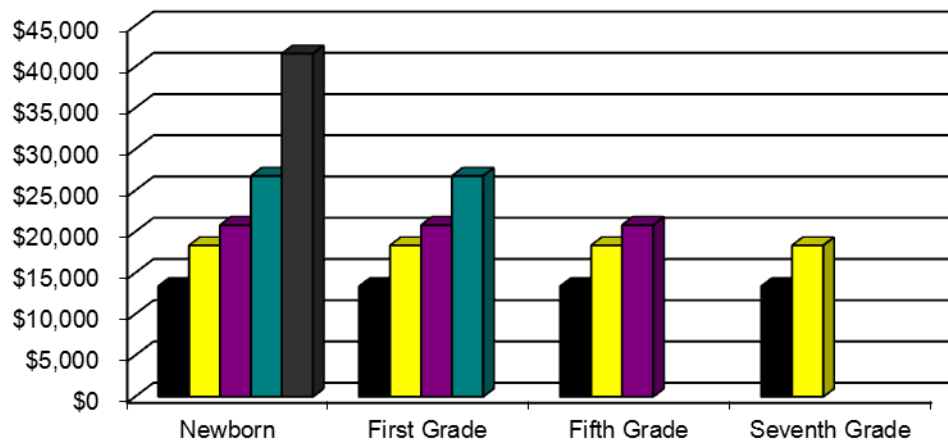
The chart below demonstrates how your lump sum payment for a one-year Full Benefits contract in 2012-13 compare to our projected tuition for one year when your Beneficiary reaches college age. This projection assumes tuition increases on average of 7.1 percent.



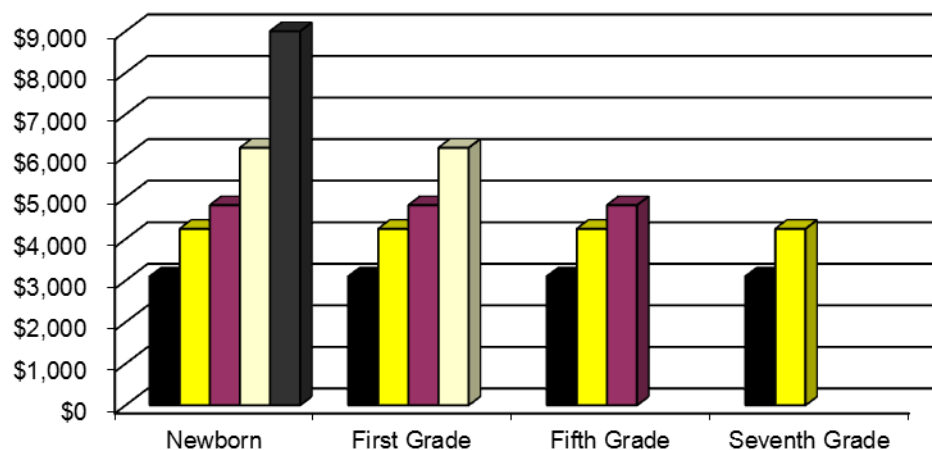
Full Benefits Contract



Limited Benefits Contract

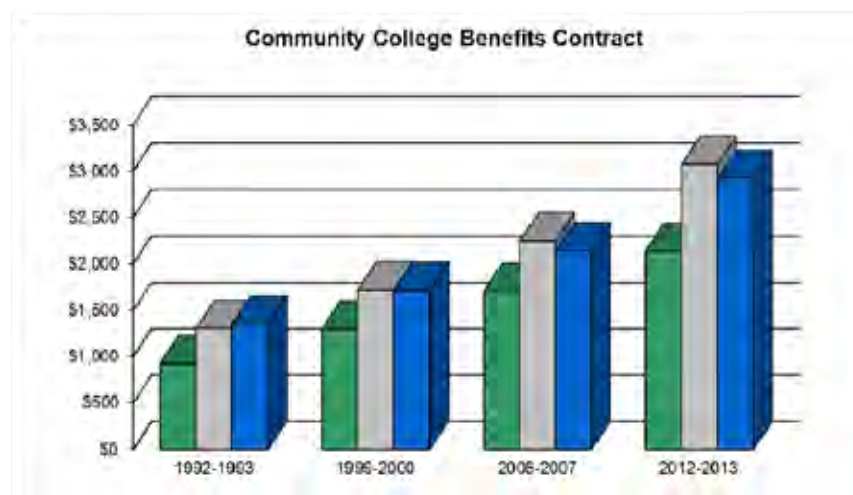
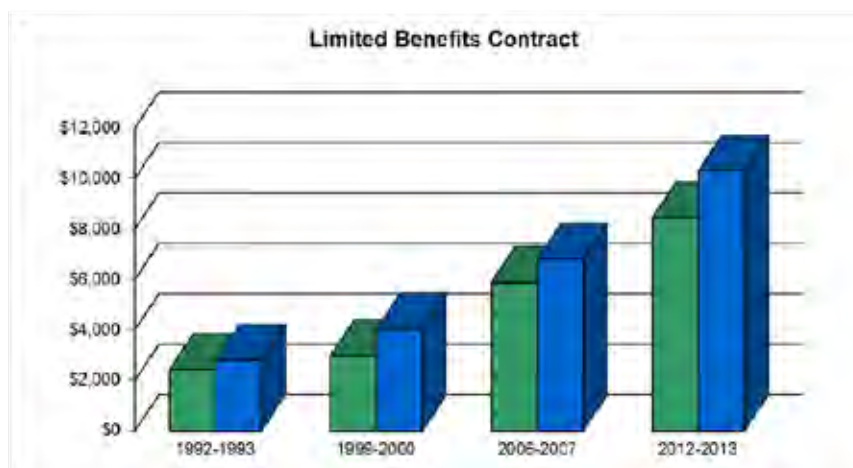
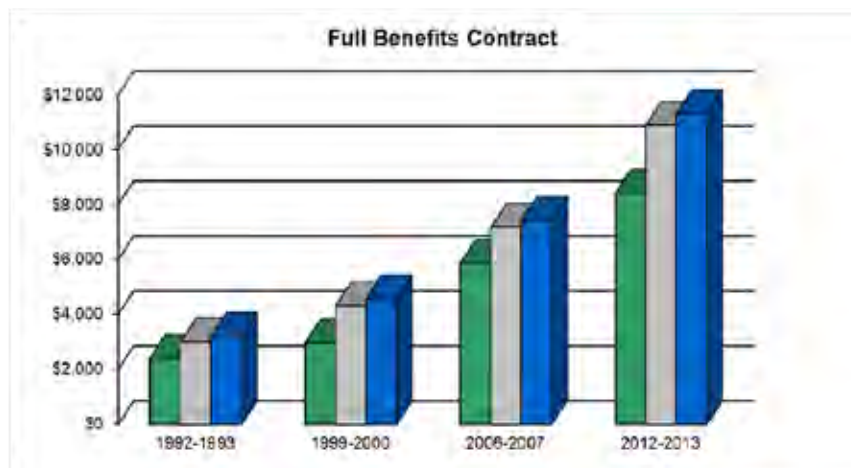
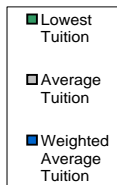


Community College Benefits Contract



Historic Refund Charts

The charts below illustrate historic contract refund amounts used for calculating termination refunds when a student does not attend a Michigan public college/university.



Termination Refund Provisions Chart*

Reason	Full Benefits Contract
ATTENDS MICHIGAN INDEPENDENT (PRIVATE) COLLEGE OR UNIVERSITY AND DIRECTS PAYMENT TO THE UNIVERSITY/COLLEGE.	Weighted average tuition of Michigan public four-year universities. Paid as necessary to cover tuition and mandatory fees.
ATTENDS OUT-OF-STATE INSTITUTION AND DIRECTS PAYMENT TO THE UNIVERSITY/COLLEGE.	Average tuition of Michigan public four-year universities. Four annual installments paid as necessary to cover tuition.
RECEIVES A FULL TUITION SCHOLARSHIP.	Average tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.
BENEFICIARY DIES OR IS LEARNING DISABLED.	Lowest tuition of Michigan public four-year universities. Lump sum paid within 60 days to the person specified in the contract.
BENEFICIARY DOES NOT PLAN TO ATTEND COLLEGE.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**
ATTENDS MICHIGAN INDEPENDENT (PRIVATE) COLLEGE OR UNIVERSITY OR OUT-OF-STATE INSTITUTION BUT DOES NOT DIRECT PAYMENT TO THE UNIVERSITY/COLLEGE.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.
ATTENDS A MICHIGAN PUBLIC COMMUNITY COLLEGE.	Lowest tuition of Michigan public four-year universities. Payment is directed to the college to cover tuition and mandatory fees. Any remaining amount is refunded at the end of the fourth year to the person specified in the contract.
ANY OTHER REASON.	Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**
ATTENDS A MICHIGAN PUBLIC UNIVERSITY AND DIRECTS PAYMENT TO THE UNIVERSITY.	N/A
ATTENDS A MICHIGAN PUBLIC UNIVERSITY BUT DOES NOT DIRECT PAYMENT TO THE UNIVERSITY.	N/A

* In accordance with the MET law, refund amounts are determined in the year the contract is terminated (as allowed by the Beneficiary's expected academic year). Under the Full and Limited Benefits Contracts, the refund amounts do not change to reflect the tuition increases after the first year the contract is terminated. Under the Community College Contract, the refund amounts may be adjusted when a student attends a college/university.

** A \$100 termination fee is deducted from the first refund installment.

Limited Benefits Contract

Community College Contract

Weighted average tuition of Michigan four-year public universities whose tuition costs do not exceed 105 percent of weighted average. Paid as necessary to cover tuition and mandatory fees.	Weighted average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.
Lowest tuition of Michigan public four-year universities. Four annual installments paid as necessary to cover tuition.	Average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.
Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.	Average tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.
Lowest tuition of Michigan public four-year universities. Lump sum paid within 60 days to the person specified in the contract.	Lowest tuition of Michigan community colleges. Lump sum paid within 60 days to the person specified in the contract.
Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**	Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.**
Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.	Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.
Lowest tuition of Michigan public four-year universities. Payment is directed to the college to cover tuition and mandatory fees. Any remaining amount is refunded at the end of the fourth year to the person specified in the contract.	N/A
Lowest tuition of Michigan public four-year universities. Four annual installments paid to the person specified in the contract.**	Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.
N/A	Weighted average tuition of Michigan community colleges. Two annual installments paid as necessary to cover tuition and mandatory fees.
N/A	Lowest tuition of Michigan community colleges. Two annual installments paid to the person specified in the contract.**

Contract Definitions

University Contract

(Full and Limited Benefits)

Section and Content

1	Definitions of Contract Terms
2	MET's Obligations
3	Payment and Contract Acceptance
4	Maximum Amount of Benefits
5	Notification of Intent to Receive Educational Benefits
6	Transfer to an Immediate Family Member
7	Termination and Refunds
8	Terminations by MET
9	Annual Report
10	Contract Not Subject to Judgment or Attachment
11	Fees
12	Change of Address
13	General Terms
14	Attendance Within Two Years of Purchase

Community College Contract

Section and Content

1	Definitions of Contract Terms
2	MET's Obligations
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11	Fees
12	Change of Address
13	General Terms

These definitions apply to the University and Community College Contracts. The University and Community College Contracts are the same except for Sections 2, 6, 7 and 14.

SECTION 1. DEFINITIONS OF CONTRACT TERMS

(a) "Academic Year" means the undergraduate school year beginning the first semester, term, or quarter after July 15 of any year.

(b) "Act" means Act No. 316 of Public Acts of 1986, which is Michigan Compiled Law 390.1421 and following provisions.

(c) "Advance Tuition Payment Fund" means the Plan D advance tuition payment fund.

(d) "Annual Tuition Cost" means a figure determined by dividing the total in-district Tuition collected by a particular Community College for a year for credit hour courses by the total number of in-district Fiscal Year Equated Students at that particular school for that year.

(e) "Annual Undergraduate Tuition Cost" means a figure determined by dividing the total in-state undergraduate Tuition collected by a particular State Institution of Higher Education for a year by the total number of in-state Undergraduate Fiscal Year Equated Students at that school for that year.

(f) "Appointee" means the Person named in Item 11 of the Contract Signature Page, who will receive correspondence concerning the Contract and, in addition, the Person whom the Purchaser may select to be the Refund Designee (in Item 16) and/or the successor Purchaser upon the death or incapacity of the Purchaser (in Item 6).

(g) "Average Tuition Cost" means an amount determined by adding the Annual Undergraduate Tuition Cost at each State Institution of Higher Education and dividing that result by the total number of State Institutions of Higher Education for University Contracts and an amount determined by adding the Annual Tuition Cost at each Community College and dividing that result by the total number of Community Colleges for Community College Contracts.

(h) "Beneficiary" or "Qualified Beneficiary" means the individual named in Item 1. The Beneficiary must be a Resident when the Contract Signature Page is submitted to MET.

(i) "Board" means the MET Board of Directors.

(j) "Community College" means an educational institution described in Michigan Constitution 1963, Article 8, Section 7.

(k) "Complete Credit Public Educational Institution" means a Public Educational Institution whose In-State Tuition Rate or In-District Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at the Public Education Institution determined by MET annually.

(l) "Complete Credit State Institution of Higher Education" means a State Institution of Higher Education whose In-State Tuition Rate does not exceed 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education in the Academic Year in which the Beneficiary initially enrolls at a Higher Education Institution determined by MET annually.

(m) "Contract" means this MET Contract.

(n) "Disabled" or "Disability" means a limitation of an individual's learning ability resulting from an injury or disease which renders the individual incapable of participating in higher education.

(o) "Fiscal Year Equated Students" means a figure determined for each Community College by dividing one-half of the number of credit hours necessary to receive a two-year associate degree at that Community College into the number of credit hours for which in-district students were enrolled.

(p) "Higher Education Institution" means a Public Educational Institution, an Independent, Degree-granting College or University or an Out-of-State Institution of Higher Education.

(q) "Immediate Family" means the spouse, mother, father, brother, sister, legally adopted brother or sister, child, legally adopted child, niece, nephew or cousin of the first degree of the Beneficiary.

(r) "Independent, Degree-granting College or University" means a non-profit, non-public, associate or baccalaureate degree-granting higher education institution approved by the State Board of Education and located in the State.

(s) "In-District Tuition Rate" means the Tuition rate charged a student who meets the in-district residency requirements established by a particular Community College.

(t) "In-State Tuition Rate" means the Tuition rate charged a student who meets the in-state residency requirements of a particular State Institution of Higher Education.

(u) "Item" means any of those categories listed as numbers 1–27 on the Contract Signature Page.

(v) "Lowest Tuition Cost" means the lowest annual Tuition rate charged freshmen, sophomores, juniors or seniors among all annual Tuition rates at any State Institution of Higher Education for University contracts; and the lowest annual Tuition rate charged freshmen and sophomores among all annual Tuition rates at any Community College for Community College Contracts.

(w) "Mandatory Fee" means any fee, other than charges for credit hours, room and board, which a Public Educational Institution requires all students to pay as a condition of enrollment, such as registration fees, the total and type of which shall not exceed the 2012 rate charged by the Public Educational Institution. Fees which are course specific such as laboratory fees, contact hour charges, and fees based on the number of credit hours enrolled or health insurance fees are not covered under this Contract. These examples are not all inclusive of non-mandatory fees.

(x) "MET" means the Michigan Education Trust.

(y) "Monthly Purchase" means the acquisition of educational benefits by the Purchaser of the applicable percent, as specified in Section 3(g) of the Contract.

(z) "Monthly Purchase Amount" means the monthly dollar amount specified by MET for a monthly purchase contract.

(aa) "New Beneficiary" means an individual who is an Immediate Family member to whom Contract rights have been transferred.

(bb) "Out-of-District Tuition Rate" means the Tuition rate charged a student attending a Community College who does not meet the in-district residency requirements established by a particular Community College.

(cc) "Out-of-State Institution of Higher Education" means one of the following: (i) A non-profit, baccalaureate degree-granting college or university located outside this state.

(ii) A proprietary baccalaureate degree-granting college or university located outside this state that is eligible to participate in United States Department of Education student aid programs (iii) A community or junior college located outside this state that is eligible to participate in United States Department of Education student aid programs.

(dd) "Person" means an individual who is a resident of the United States, or a partnership, trust, association, corporation, or governmental subdivision existing under the laws of the United States or any state of the United States.

(ee) "Plan" or "Plan D" means this Contract and other Contracts designated as Plan D Contracts.

(ff) "Prepaid Tuition Amount" means, when referring to this Contract the lump sum paid less the processing fee or the accumulated amount of all Monthly Purchase Amounts received by MET under the Contract less the processing fee.

(gg) "Public Educational Institution" means a State Institution of Higher Education or a Community College.

(hh) "Purchaser" means the Person named in Item 6. If the Purchaser is a natural Person, he/she must be 18 years of age or older, or a trustee, or a designated custodian or minor under the Michigan Uniform Transfers to Minors Act, or be represented by a court appointed or approved conservator or guardian.

(ii) "Refund Designee" means the person named in Item 16 of the Contract Signature Page.

(jj) "Resident" means an individual who is domiciled in the State.

(kk) "State" means the State of Michigan.

(ll) "State Institution of Higher Education" means a college or university described in Michigan Constitution 1963, Article 8, Section 4, 5 or 6, or any four-year degree-granting institution established by the State in the future as a State Institution of Higher Education.

(mm) "Termination" means a discontinuation of the right to receive educational benefits at a Public Educational Institution.

(nn) "Total Contract Price" means, when referring to this Contract the accumulated amount of all Monthly Purchase Amounts including the processing fee specified in Item 26 of the Contract or, when referring to lump sum contracts which have the Total Contract Price set forth in Item 27 of the contract, the amount in Item 27 of the contract or, if incorrect, the amount that should have been in Item 27.

(oo) "Transfer" means moving Contract rights from the Beneficiary to a New Beneficiary.

(pp) "Tuition" means the undergraduate quarter, term, semester or trimester charges imposed to attend a Public Educational Institution including Mandatory Fees.



(qq) “Undergraduate Fiscal Year Equated Students” means a figure determined for each State Institution of Higher Education by dividing 1/4 of the number of credit hours necessary to receive a four-year baccalaureate degree at that State Institution of Higher Education into the number of credit hours for which in-state undergraduate students were enrolled.

(rr) “Weighted Average Tuition Cost” or the “Weighted Average Tuition Cost of all State Institutions of Higher Education” for University Contracts means the figure arrived by:

- (1) first, multiplying the Annual Undergraduate Tuition Cost at each State Institution of Higher Education by its total number of Undergraduate Fiscal Year Equated Students;
- (2) second, adding the results of subsection (1) for all State Institutions of Higher Education;
- (3) third, dividing the result of subsection (2) by the total number of Undergraduate Fiscal Year Equated Students for all State Institutions of Higher Education.

“Weighted Average Tuition Cost” for Community College Contracts means the figure arrived by:

- (1) first, multiplying the Annual Tuition Cost at each Community College by its total number of Fiscal Year Equated Students;
- (2) second, adding the results of subsection (1) for all Community Colleges;
- (3) third, dividing the result of subsection (2) by the total number of Fiscal Year Equated Students for all Community Colleges.

(ss) “Weighted Average Tuition Cost of Complete Credit State Institutions of Higher Education” means a figure arrived at by:

- (1) first, multiplying the Annual Undergraduate Tuition Cost at each Complete Credit State Institution of Higher Education by its total number of Undergraduate Fiscal Year Equated Students;
- (2) second, adding the results of subsection (1) for all Complete Credit State Institutions of Higher Education;
- (3) third, dividing the result of subsection (2) by the total number of Undergraduate Fiscal Year Equated Students for all Complete Credit State Institutions of Higher Education.



UNIVERSITY CONTRACT (FULL AND LIMITED BENEFITS)

SECTION 2.

MET's OBLIGATIONS

(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Public Educational Institution, MET will pay for no more than 15 credit hours for each semester purchased at the Beneficiary's Public Educational Institution (for Full Benefits Contracts) or Complete Credit Public Educational Institution (for Limited Benefits Contracts) at the In-State Tuition Rate multiplied by the semesters of educational benefits acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the semesters purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Public Educational Institution. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, changes majors, takes classes at another Public Educational Institution which do not transfer to the Beneficiary's Public Educational Institution or for other reasons. A standard baccalaureate degree usually consists of 120 semester credit hours (or, on average, 30 credit hours each year).

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

FOR LIMITED BENEFITS CONTRACTS:

(b) If a Beneficiary enrolls at a Public Educational Institution which is not a Complete Credit Public Educational Institution, MET will provide the number of credit hours MET can purchase with 105 percent of the Weighted Average Tuition Cost of all State Institutions of Higher Education based upon the Academic Year at the time of enrollment multiplied by the semesters of educational benefits acquired by the Purchaser.

(c) If a Beneficiary transfers to another Public Educational Institution, the number of credit hours the Beneficiary will have at the new Public Educational Institution will be determined at the time of transfer by:

- (1) calculating the number of credit hours the Beneficiary is entitled to at the new Public Educational Institution pursuant to subsections (a) or (b), as applicable, as if he or she were just commencing receiving MET benefits using the Weighted Average Tuition Cost of all State Institutions of Higher Education and the Annual Undergraduate Tuition Cost of the new Public Educational Institution as of the Academic Year the Beneficiary first used MET benefits,
- (2) calculating a percent equal to the credit hours already provided by MET for the Beneficiary divided by the total credit hours MET would have provided at that Public Educational Institution,
- (3) adding the percent computed under subparagraph (2)

for all Public Educational Institutions which the Beneficiary has attended,

(4) multiplying the figure calculated under subparagraph (1) by the percent calculated under subparagraph (3), and

(5) subtracting the amount arrived at in subparagraph (4) from the amount calculated in subparagraph (1).

(d) The Beneficiary must meet the Public Educational Institution's residency requirements to be eligible for that institution's In-State Tuition Rate. The Beneficiary is responsible for the difference between the In-State Tuition Rate and out-of-state Tuition rate. If the Beneficiary attends a Community College, MET will pay, as appropriate, the In-District Tuition Rate or the Out-of-District Tuition Rate, and contact or billing hour charges (to the extent the Out-of-District Tuition Rate and contact/billing hour charges do not exceed the Average Tuition Cost).

(e) If a Beneficiary of a four-year (or more) Contract attends a Community College for not more than two Academic Years at the In-District Tuition Rate, he or she may then attend any State Institution of Higher Education and MET will pay for the credit hours not accepted by the State Institution of Higher Education but not to exceed the number of credit hours purchased under the contract. The additional number of credit hours allowed will be calculated when the Beneficiary transfers to a State Institution of Higher Education. This subsection does not apply if the Contract has been terminated.

(f) A Beneficiary of (i) other than a four-year Contract who attends a Community College, or (ii) a four-year Contract who attends a Community College for more than two Academic years may then attend a State Institution of Higher Education, but will only receive the remaining educational benefits under the Contract. This subsection does not apply if the Contract has been terminated.

SECTION 3. PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

(1) a properly completed Contract Signature Page signed by the Purchaser, who must be 18 years of age or older, a designated custodian under the Michigan Uniform Transfers to Minors Act (UTMA) (who may name the minor as the purchaser) or a court appointed conservator or guardian, and

(2) payment of a properly calculated Total from Item 27 of the Contract Signature Page. Payment must be in the form of a cashier's check, certified check, or money order payable to Michigan Education Trust or if enrolling online, through electronic funds transfer.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount and one-time processing fee due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

(1) pay the additional amount necessary to purchase the number of semesters specified in Item 15 of the Contract Signature Page,

(2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or

(3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions and payment (if appropriate) from the Purchaser within 20 business days of the date notice is sent, MET shall reduce the amount of educational benefits consistent with subsection (c)(2).

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the amount paid less the one-time processing fee.

FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost MET investment return, so the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation To Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%
15 years	0.56%



(h) Acceptance Of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) Late Payments: If a Monthly Purchase Amount is not paid by its due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) Failure To Make Payments: If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days of its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under this Contract. Should that occur the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) Full Payment Option: As long as the Purchaser has not lost the opportunity to make monthly purchases under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) Contract Term: The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

SECTION 4. MAXIMUM AMOUNT OF BENEFITS

A Beneficiary may not accumulate more than five years of MET educational benefits.

SECTION 5. NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

SECTION 6. TRANSFER TO AN IMMEDIATE FAMILY MEMBER

(a) Any unused educational benefits may be transferred, with MET's written approval, to an Immediate Family member, if:

- (1) the Beneficiary dies or becomes Disabled, or
- (2) the Beneficiary reaches 18 years of age or receives a high school diploma.

(b) The Beneficiary must request a Transfer. A mentally disabled Beneficiary or a Beneficiary under 18 years of age must be represented by a legal guardian. If the Beneficiary has died, the Refund Designee (or, if the Refund Designee is deceased, the personal representative of the Refund Designee) may request a Transfer. The Transfer shall be subject to:



- (1) payment of a Transfer fee, if any, and
- (2) payment to MET of the amount necessary to reimburse MET for any additional expense or loss of income associated with the Transfer to an older Beneficiary.

If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the additional amount charged will be:

(i) the highest Tuition charged at a State Institution of Higher Education among all State Institutions of Higher Education (for Full Benefits Contract) or a Complete Credit Public Educational Institution (for Limited Benefits Contract) in the enrollment period purchased minus the amount the Purchaser paid for one year of educational benefits;

(ii) add the amount determined in subparagraph (i) to the loss of investment income for the period from the date the Contract was accepted until the date of Transfer. The rate of return assumed will be the rate of return stated in the price chart;

(iii) multiply the amount determined in subparagraph (ii) by the number of years and/or fraction of year being transferred.

(3) the Person requesting the Transfer and the proposed New Beneficiary (or the parent or guardian of the New Beneficiary if the New Beneficiary is a minor) must certify in writing that no payment has been or will be made to anyone (except MET) for the Transfer.

(c) After the Beneficiary has earned more than one-half (½) of the credit hours required for the awarding of a baccalaureate degree at the Beneficiary's State Institution of Higher Education, transferred educational benefits may only be used at a Public Educational Institution or the contract terminated for a refund payable only to a Higher Education Institution. No other use or refund is permitted.

SECTION 7. TERMINATION AND REFUNDS

(a) Reasons For Termination: This Contract may be terminated upon written request to MET by the Beneficiary (or a Person with legal authority to act regarding subsection (a)(4)) if:

- (1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Independent Degree-granting College or University and directs payment of any refund to that institution,

(2) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend an Out-of-State Institution of Higher Education,

(3) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will attend a Higher Education Institution with a full tuition scholarship,

(4) the Beneficiary has died or is Disabled,

(5) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies one of the following:

(i) he or she does not plan to attend a Higher Education Institution,

(ii) he or she will attend an Independent Degree-granting College or University, but directs payment of the refund to the Refund Designee, or

(iii) he or she will attend a Community College, or

(6) the Board approves a Termination for any other reason.

(b) Refund Amount:

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost, Weighted Average Tuition Cost of Complete Credit State Institutions of Higher Education, Average Tuition Cost, or Lowest Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser. If all Monthly Purchases have not been made, MET will reduce a Monthly Purchase Contract refund accordingly (determined by multiplying the Monthly Purchases actually made by the appropriate percentage in section 3(g)). Any Termination fee will be deducted from the first refund payment.

FOR FULL BENEFITS CONTRACTS:

(2) if the Contract is terminated pursuant to subsection (a)(1), the refund shall be based on Weighted Average Tuition Cost.

(3) if the Contract is terminated pursuant to subsection (a)(2) or (a)(3), the refund shall be determined annually based on:



(i) if the Beneficiary directs payment to an out-of-state Institution of Higher Education or certifies that he or she will attend a Higher Education Institution with a full tuition scholarship in the coming year, Average Tuition Cost, and

(ii) for Beneficiaries not covered by subsection (b)(3)(i), Lowest Tuition Cost.

(4) if this Contract is terminated pursuant to subsection (a)(4), (a)(5), or (a)(6) the refund shall be based on Lowest Tuition Cost.

FOR LIMITED BENEFITS CONTRACTS:

(5) if the Contract is terminated pursuant to subsection (a)(1), the refund shall be based on Weighted Average

Tuition Cost of Complete Credit State Institutions of Higher Education.

(6) for all other terminations, the refund shall be based on Lowest Tuition Cost.

(7) a refund shall not, in total, be less than the Prepaid Tuition Amount.

(c) Refund Payment Procedure:

(1) a refund under subsection (a)(1) or (a)(5)(iii) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due. MET will pay the Refund Designee any portion of the refund remaining on August 15 of the fourth year following the last full Academic year before the refund commenced, unless deferred by the Beneficiary in writing.

(2) a refund under subsections (a)(2), (a)(3), (a)(5)(i), (a)(5)(ii), or (a)(6), shall be divided by four and made in four annual installments as follows:

(i) if an annual installment is to be paid to the Higher Education Institution, the annual installment will be distributed as necessary to pay Tuition;

(ii) any balance remaining after paying Tuition for an Academic Year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iii) or any annual installment not paid to a Higher Education Institution during the year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iv) if payment is directed to the Refund Designee, the annual installment will be paid by August 15.

(3) for a refund under subsection (a)(4), a lump sum refund shall be paid within sixty (60) days after MET's approval of the Termination.

(d) Adjustment for Benefits Received: Any refund shall be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(2), (a)(3), (a)(5)(i) or (ii) or (a)(6), the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Limitation of Right to Terminate and Receive a Refund: Termination of this Contract and payment of a refund will be restricted if the Beneficiary has completed more than one-half (1/2) of the credit hours required by the Beneficiary's State Institution of Higher Education for the awarding of a baccalaureate degree. The Contract can be terminated for a refund payable to a Higher Education Institution as defined in this Contract. Any terminated refund amount not paid to a Higher Education Institution is forfeited. This subsection shall not, however, preclude a graduate of a Community College, who has not enrolled in a State Institution of Higher Education from terminating a Contract.

(g) Notice of Termination: A Beneficiary who requests a refund under subsections (a)(1), (2), (3), (5), or (6) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

(h) Before the Beneficiary reaches 18 years of age or has received a high school diploma, the Purchaser may request that the Board terminate the Contract. If the request is made less than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount, less the rate of general investment loss, if any, for Plan D Contracts. If the request is made more than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount.

SECTION 8.

TERMINATIONS BY MET

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated on a Contract Signature Page or otherwise:

- (1) the age of the Beneficiary or Purchaser,
- (2) the grade of the Beneficiary,
- (3) the Academic Year which the Beneficiary is to receive benefits under the Contract,
- (4) the residency of the Beneficiary at the time the Contract is submitted to MET, or
- (5) other matters as determined by the Board.

(b) FIFTEEN YEARS TO USE BENEFITS:

(1) FIFTEEN (15) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 22 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(2) At that time, MET will pay the Refund Designee the Prepaid Tuition Amount to the extent it exceeds any educational benefits or refund paid under the Contract. MET may pay the refund at the end of the Academic Year in which the Beneficiary has completed all credit hours acquired under the Contract.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made annually. If a nationally recognized actuary determines that Plan D does not have sufficient funds to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this

subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts. The refund shall be applied, at the option of the Refund Designee, either toward the purposes of this Contract for the Beneficiary or paid to the Refund Designee.

SECTION 9.

ANNUAL REPORT

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

SECTION 10.

CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

SECTION 11.

FEES

(a) The Board may impose fees for the purpose of administering MET. For two fees, the Board has established these maximum amounts:

Transfer fee	\$100.00
Termination fee	\$200.00

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

SECTION 12.

CHANGE OF ADDRESS

The Purchaser or the Appointee shall notify MET in writing of any change of address of the Purchaser, the Beneficiary or the Appointee.



SECTION 13. GENERAL TERMS

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Appointee upon written request to MET.

(e) If the Purchaser has designated the Beneficiary as the Refund Designee, the Purchaser cannot change that designation.

(f) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(g) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(h) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(i) This Contract is to be interpreted under the laws of the State.



Questions?

Call 1-800-MET-4-KID

(800-638-4543)

or visit www.SETwithMET.com

SECTION 14.

ATTENDANCE AT A PUBLIC EDUCATIONAL INSTITUTION WITHIN TWO YEARS OF PURCHASE

(a) If a Beneficiary of a Full Benefits Contract is expected to enter college within two years of purchase, Prepaid Tuition Amount shall be based on the tuition at the State Institution of Higher Education with the Highest Annual Undergraduate Tuition Cost.

(b) If the Beneficiary covered by subsection (a) does not attend the State Institution of Higher Education with the highest Annual Undergraduate Tuition Cost, MET may refund the difference between the Prepaid Tuition Amount and the Tuition (if less) paid to a Public Educational Institution by MET, if the Board determines the refund won't adversely affect the Plan's actuarial soundness. This subsection does not apply if the Contract has been terminated.

COMMUNITY COLLEGE CONTRACT

SECTION 2. MET's OBLIGATIONS



(a) Upon MET's acceptance of the Contract and the Beneficiary's enrollment at a Community College, MET will pay no more than 15 credit hours for each semester purchased at the Beneficiary's Community College at the In-District Tuition Rate multiplied by the semesters of educational benefits acquired by the Purchaser. MET pays these educational benefits from the assets of the Plan.

(1) MET will stop providing benefits under this Contract when MET has paid the credit hours purchased, regardless of the number of credit hours the Beneficiary has accumulated toward graduation at his or her Community College. The Beneficiary can accumulate fewer credit hours than MET has paid if the Beneficiary drops classes, fails classes, repeats classes, takes classes at another Community College which do not transfer to the Beneficiary's Community College or for other reasons. A standard associate degree usually consists of 60 semester credit hours.

(2) MET will only pay educational benefits and provide refunds under the Contract from the assets of the Plan. The ability of MET to pay benefits and provide refunds under the Contract is not guaranteed by the State of Michigan.

(b) The Beneficiary must meet the Community College's residency requirements to be eligible for that institution's In-District Tuition Rate. The Beneficiary is responsible for the difference between the In-District Tuition Rate and Out-of-District Tuition rate.

SECTION 3. PAYMENT AND CONTRACT ACCEPTANCE

(a) Contract Acceptance: MET has no obligation to the Beneficiary until it accepts this Contract. MET will accept this Contract only after it receives:

(1) a properly completed Contract Signature Page signed by the Purchaser, who must be 18 years of age or older, a designated custodian under the Michigan Uniform Transfers to Minors Act (UTMA) (who may name the minor as the Purchaser) or a court appointed conservator or guardian, and

(2) payment of a properly calculated Total from Item 27 of the Contract Signature Page. Payment must be in the form of a cashier's check, certified check, or money order payable to Michigan Education Trust or if enrolling online, through electronic funds transfer.

(b) Confirmation of Acceptance: MET will send a confirmation of Contract acceptance to the Purchaser within 90 days from MET's receipt of the Contract Signature Page. If the Purchaser does not receive confirmation, the Purchaser should notify MET in writing.

FOR LUMP SUM CONTRACTS:

(c) Insufficient Payment: If the Purchaser pays less than the total Prepaid Tuition Amount and one-time processing fee due for this Contract, MET will notify the Purchaser. If MET sends a notice, the Purchaser shall advise MET by mail, return receipt requested, that he or she will do one of the following and, if (1) is selected, enclose payment:

(1) pay the additional amount necessary to purchase the number of semesters specified in Item 15 of the Contract Signature Page,

(2) accept an adjusted amount of educational benefits to reflect what the actual payment submitted could purchase when MET received the payment, or

(3) withdraw the Contract offer. MET will then return to the Purchaser the amount paid by the Purchaser (without interest).

If MET does not receive instructions from the Purchaser and, if appropriate, payment within 20 business days of the date notice is sent, MET shall reduce the amount of educational benefits consistent with subsection (c)(2).

(d) Payment Credit: Upon acceptance of this Contract, MET shall credit the Advance Tuition Payment Fund with the amount paid less the one-time processing fee.

FOR MONTHLY PURCHASE CONTRACTS:

(e) Monthly Purchase Amounts: If the Monthly Purchase option is selected, the Purchaser will acquire educational benefits by submitting Monthly Purchase Amounts to MET. If MET accepts the Contract, MET will advise the Purchaser of the term of the Contract, the Monthly Purchase Amount, and the dates the Monthly Purchase Amounts are due. Monthly Purchase Amounts include an amount to reflect lost investment return, so that the total amount paid will be more than a lump sum purchase. That rate of return appears in the price chart. Payments must be made in full Monthly Purchase Amounts. Partial payments will not be accepted. The Purchaser may submit Monthly Purchase Amounts early.

(f) No Obligation To Purchase: Payment of the Monthly Purchase Amounts by the Purchaser is voluntary. MET cannot compel the Purchaser to acquire educational benefits under this Contract.

(g) Benefits Earned: The Purchaser will acquire educational benefits only for Monthly Purchase Amounts accepted by MET. Each Monthly Purchase Amount accepted by MET will earn the following percentage of the years of Tuition to be purchased by this Contract:

<u>Contract Term</u>	<u>Percent Purchased (Rounded)</u>
4 years	2.08%
7 years	1.19%
10 years	0.83%
15 years	0.56%

(h) Acceptance Of Payment: Upon acceptance of a Monthly Purchase Amount, MET will deposit the Monthly Purchase Amount in the Beneficiary's account.

(i) **Late Payments:** If a Monthly Purchase Amount is not paid by its due date, MET will accept the payment only if it is made within 60 days of the due date and is accompanied by a \$10.00 late fee.

(j) **Failure To Make Payments:** If any Monthly Purchase Amount (and any late fee due) is not paid within 60 days after its due date, the Purchaser will lose the opportunity to submit any further Monthly Purchase Amounts under this Contract. Should that occur, the Purchaser has 60 days to pay the Contract in full. Thereafter, MET will not accept any payments under the Contract.

(k) **Full Payment Option:** As long as the Purchaser has not lost the opportunity to make payments under Section 3(j), the Purchaser may pay the Contract in full by submitting all unpaid Monthly Purchase Amounts to MET. The Purchaser may submit Monthly Purchase Amounts early. If the Purchaser pays the entire balance due more than one year before the final payment is due, MET will provide the Purchaser an early payment discount. The Purchaser must submit a written request for a reduced early payoff amount, which will be based on the date payoff is expected to be received by MET.

(l) **Contract Term:** The term of monthly purchases must end before the Academic Year the Beneficiary is projected to attend a Higher Education Institution.

SECTION 4.

MAXIMUM AMOUNT OF BENEFITS

A Beneficiary may not accumulate more than five years of MET educational benefits.

SECTION 5.

NOTIFICATION OF INTENT TO RECEIVE EDUCATIONAL BENEFITS

(a) A Beneficiary who intends to begin using educational benefits at the start of an Academic Year must notify MET in writing by June 1 prior to that Academic Year.

(b) A Beneficiary who intends to begin using educational benefits other than at the start of an Academic Year must submit a written request to receive benefits at least three months before the requested commencement date.

SECTION 6.

TRANSFER TO AN IMMEDIATE FAMILY MEMBER

(a) Any unused educational benefits may be transferred with MET's written approval to an Immediate Family member, if:

- (1) the Beneficiary dies or becomes Disabled, or
 - (2) the Beneficiary reaches 18 years of age or receives a high school diploma.
- (b) The Beneficiary must request a Transfer. A mentally disabled



Beneficiary or a Beneficiary under 18 years of age must be represented by a legal guardian. If the Beneficiary has died, the Refund Designee (or, if the Refund Designee is deceased, the personal representative of the Refund Designee) may request a Transfer. The Transfer shall be subject to:

- (1) payment of a Transfer fee, if any, and
- (2) payment to MET of the amount necessary to reimburse MET for any additional expense or loss of income associated with the Transfer to an older Beneficiary.

If a Contract is transferred to an older Beneficiary who was ineligible for a Contract when the Contract was purchased, the additional amount charged will be:

- (i) the highest Tuition charged at a Community College among all Community Colleges in the enrollment period purchased minus the amount the Purchaser paid for one year of educational benefits;
- (ii) add the amount determined in subparagraph (i) to the loss of investment income for the period from the date the Contract was accepted until the date of Transfer. The rate of return assumed will be the rate of return stated in the price chart;
- (iii) multiply the amount determined in subparagraph (ii) by the number of years and/or fraction of year being transferred.

(3) the Person requesting the Transfer and the proposed New Beneficiary (or the parent or guardian of the New Beneficiary if the New Beneficiary is a minor) must certify in writing that no payment has been or will be made to anyone (except MET) for the Transfer.

(c) Only a Transfer to an Immediate Family member is allowed.

SECTION 7.

TERMINATION AND REFUNDS

(a) **Reasons For Termination:** This Contract may be terminated upon written request to MET by the Beneficiary (or a Person with legal authority to act regarding subsection (a)(4)) if:

- (1) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will:
 - (i) attend a State Institution of Higher Education or an Independent, Degree-granting College or University,
 - (ii) attend an Out-of-State Institution of Higher Education, or
 - (iii) attend a Community College or Higher Education Institution with a full Tuition scholarship,
- (2) the Beneficiary has died or is Disabled,
- (3) the Beneficiary has reached 18 years of age or has received a high school diploma and certifies that he or she will not attend a Community College or a Higher Education Institution, or
- (4) the Board approves a Termination for any other reason.



(b) Refund Amount:

(1) the refund amount shall be, as appropriate, Weighted Average Tuition Cost, Average Tuition Cost, or Lowest Tuition Cost for the last full Academic Year before refund payments begin multiplied by the years of educational benefits acquired by the Purchaser. If all Monthly Purchases have not been

made, MET will reduce a Monthly Purchase Contract refund accordingly (determined by multiplying the Monthly Purchases actually made by the appropriate percentage in Section 3(g)). Any Termination fee will be deducted from the first refund payment.

(2) if the Contract is terminated pursuant to subsection (a)(1), each installment shall be determined annually and the refund shall be based on:

(i) if the Beneficiary directs payment to a State Institution of Higher Education or an Independent, Degree-granting College or University, Weighted Average Tuition Cost,

(ii) if the Beneficiary directs payment to an Out-of-State Institution of Higher Education or if the Beneficiary will attend a Community College or Higher Education Institution with a full tuition scholarship, Average Tuition Cost, and

(iii) for Beneficiaries not covered by (i) or (ii), Lowest Tuition Cost.

(3) if this Contract is terminated pursuant to subsection (a)(2), (a)(3), or (a)(4) the refund shall be based on Lowest Tuition Cost.

(4) a refund shall not, in total, be less than the Prepaid Tuition Amount.

(c) Refund Payment Procedure:

(1) a refund under subsection (a)(1)(i) shall be made to the Beneficiary's Higher Education Institution to pay Tuition and Mandatory Fees. However, the total amount paid shall not exceed the maximum refund due.

(2) a refund under subsections (a)(1), (a)(3), or (a)(4) shall be divided by two and made in two annual installments as follows:

(i) if an annual installment is to be paid to the Higher Education Institution, the annual installment will be distributed as necessary to pay Tuition (and Mandatory Fees for subsection a(1)(i) refunds);

(ii) any balance remaining after paying Tuition for an Academic year shall be paid at the end of the Academic Year to the Refund Designee unless deferred by the Beneficiary in writing;

(iii) or any annual installment not paid to a Higher Education Institution during the year shall be paid at the end of the Academic year to the Refund Designee unless deferred by the Beneficiary in writing;

(iv) if payment is directed to the Refund Designee, the annual installment will be paid by August 15.

(3) for a refund under subsection (a)(4), a lump sum refund

shall be paid within sixty (60) days after MET's approval of the Termination.

(d) Adjustment for Benefits Received: Any refund shall be reduced by the amount of educational benefits paid by MET before termination. If the Contract is terminated under subsections (a)(1), (a)(3), or (a)(4) the reduction shall be made in equal amounts against each annual installment.

(e) Terminated Contract: Once a Contract has been terminated and MET has paid a full or partial refund, the Contract cannot be reinstated.

(f) Notice of Termination: A Beneficiary who requests a refund under subsections (a)(1), (3), or (4) must give MET written notice by July 15 prior to the Academic Year in which the refund payments are to commence or the refund may not be available at the start of the Academic Year.

(g) Before the Beneficiary reaches 18 years of age or has received a high school diploma, the Purchaser may request that the Board terminate the Contract. If the request is made less than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount, less the rate of general investment loss, if any, for Plan D Contracts. If the request is made more than 12 months after acceptance of the Contract and the MET Board, in its discretion, approves the request, the Purchaser will receive the Prepaid Tuition Amount.

SECTION 8. TERMINATIONS BY MET

(a) Fraud: MET will terminate the Contract and refund the amount paid by the Purchaser less a Termination fee and educational benefits used, if any of the following have been fraudulently stated in a Contract Signature Page or otherwise:

(1) the age of the Beneficiary or Purchaser,

(2) the grade of the Beneficiary,

(3) the Academic Year which the Beneficiary is to receive benefits under the Contract,

(4) the residency of the Beneficiary at the time the Contract is submitted to MET, or

(5) other matters as determined by the Board.

(b) FIFTEEN YEARS TO USE BENEFITS:

(1) FIFTEEN (15) YEARS AFTER THE JULY 15 IMMEDIATELY BEFORE THE ACADEMIC YEAR SPECIFIED IN ITEM 22 OF THE CONTRACT SIGNATURE PAGE, MET WILL TERMINATE THIS CONTRACT AND WILL NOT PAY ANY FURTHER EDUCATIONAL BENEFITS.

(2) At that time, MET will pay the Refund Designee the Prepaid Tuition Amount to the extent it exceeds any educational benefits or refund paid under the Contract. MET may pay the refund at the end of the Academic Year in which the Beneficiary has completed all credit hours acquired under the Contract.

(c) Actuarial Unsoundness: To protect Purchasers and Beneficiaries, an actuarial review of the Plan shall be made annually. If a nationally recognized actuary determines that Plan D does not have funds sufficient to ensure the actuarial soundness of the Plan and the Board determines that there are insufficient numbers of new Contracts to ensure the actuarial soundness of Plan D, MET shall terminate all Plan D Contracts and prorate the assets of Plan D among the existing Contracts. If Plan D is liquidated, the amount to be returned is uncertain and could be less than the Prepaid Tuition Amount. Upon Termination pursuant to this subsection, MET will stop providing educational benefits from the Plan and will pay refunds determined as follows:

(1) MET will calculate the Contract's "Asset Value," which is the amount paid by the Purchaser less any educational benefits or refunds paid by MET.

(2) The refund will be a percentage of the amount of the total Plan assets after liquidating all of the Plan investments. The percentage is determined by dividing the Asset Value of this Contract by the Asset Value of all Plan Contracts.

The refund shall be applied, at the option of the Refund Designee, either toward the purposes of this Contract for the Beneficiary or paid to the Refund Designee.

SECTION 9. ANNUAL REPORT

MET will have an accounting of MET assets prepared annually and make it available to the Purchaser.

SECTION 10. CONTRACT NOT SUBJECT TO JUDGMENT OR ATTACHMENT

It is the intent of the parties that this Contract shall not be subject to any judgment or attachment against the Purchaser, the Beneficiary, or any other Person.

SECTION 11. FEES

(a) The Board may impose fees for the purpose of administering MET. For two fees, the Board has established these maximum amounts:

Transfer fee	\$100.00
Termination fee	\$200.00

(b) The Termination fee and any other applicable charge shall be deducted from the first refund payment.

SECTION 12. CHANGE OF ADDRESS

The Purchaser or the Appointee shall notify MET in writing

of any change of address of the Purchaser, the Beneficiary or the Appointee.

SECTION 13. GENERAL TERMS

(a) This Contract is offered pursuant to the Act and the administrative rules promulgated under the Act. This Contract should be read so that it meets the requirements of Section 529 of the United States Internal Revenue Code, any successor provision, and any applicable Internal Revenue Service regulation.

(b) Nothing in the Act or this Contract shall be construed as a promise or guarantee by MET or the State that a Beneficiary will be admitted to any or a particular Public Educational Institution, will be allowed to continue to attend a Public Educational Institution after having been admitted, or will graduate from a Public Educational Institution.

(c) This Contract may not be sold for any reason. This Contract may not be used as security for any loan.

(d) The Purchaser may change the Appointee upon written request to MET.

(e) If the Purchaser has designated the Beneficiary as the Refund Designee, the Purchaser cannot change that designation.

(f) This Contract represents the entire understanding of the parties to this Contract and may not be modified except in writing signed by the Purchaser and an authorized MET representative.

(g) If any portion of this Contract shall be found to be invalid or unenforceable by any court, that portion shall be severed from the Contract and the remainder of the Contract will remain in full force.

(h) The captions in this Contract are for convenience only and in no way limit the intent of any provision of this Contract.

(i) This Contract is to be interpreted under the laws of the State.



Questions?

Call 1-800-MET-4-KID

(800-638-4543)

or visit www.SETwithMET.com

Contract Price Charts

Prices effective May 1, 2013 through September 30, 2013.
(1 Semester equals 15 credit hours)

LUMP SUM PURCHASE PLAN

Contract Type (Age as of 12/1/12/Grade as of Fall 2012)	Cost/Lump Sum 1 Sem. (1/2 yr)	Cost/Lump Sum 2 Sem. (1 yr)	Cost/Lump Sum 3 Sem. (1 1/2 yrs)	Cost/Lump Sum 4 Sem. (2 yrs)	Cost/Lump Sum 5 Sem. (2 1/2 yrs)	Cost/Lump Sum 6 Sem. (3 yrs)	Cost/Lump Sum 7 Sem. (3 1/2 yrs)	Cost/Lump Sum 8 Sem. (4 yrs)
Full Benefits (Newborn to Adult)	\$8,437	\$16,874	\$25,311	\$33,748	\$42,185	\$50,622	\$59,059	\$67,496
Limited Benefits (Newborn to Adult)	\$6,797	\$13,594	\$20,391	\$27,188	\$33,985	\$40,782	\$47,579	\$54,376
Community College Benefits (Newborn to Adult)	\$1,572	\$3,144	\$4,716	\$6,288				

4 YEAR MONTHLY PURCHASE PLAN (48 MONTHS)

Contract Type (Age as of 12/1/12/Grade as of Fall 2012)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 8th Grade)	\$202	\$404	\$606	\$808	\$1,010	\$1,212	\$1,414	\$1,616
Limited Benefits (Newborn to 8th Grade)	\$162	\$324	\$486	\$648	\$810	\$972	\$1,134	\$1,296
Community College Benefits (Newborn to 8th Grade)	\$38	\$76	\$114	\$152				

7 YEAR MONTHLY PURCHASE PLAN (84 MONTHS)

Contract Type (Age as of 12/1/12/Grade as of Fall 2012)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 5th Grade)	\$127	\$254	\$381	\$508	\$635	\$762	\$889	\$1,016
Limited Benefits (Newborn to 5th Grade)	\$103	\$206	\$309	\$412	\$515	\$618	\$721	\$824
Community College Benefits (Newborn to 5th Grade)	\$23	\$46	\$69	\$92				

10 YEAR MONTHLY PURCHASE PLAN (120 MONTHS)

Contract Type (Age as of 12/1/12/Grade as of Fall 2012)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to 2nd Grade)	\$98	\$196	\$294	\$392	\$490	\$588	\$686	\$784
Limited Benefits (Newborn to 2nd Grade)	\$79	\$158	\$237	\$316	\$395	\$474	\$553	\$632
Community College Benefits (Newborn to 2nd Grade)	\$18	\$36	\$54	\$72				

15 YEAR MONTHLY PURCHASE PLAN (180 MONTHS)

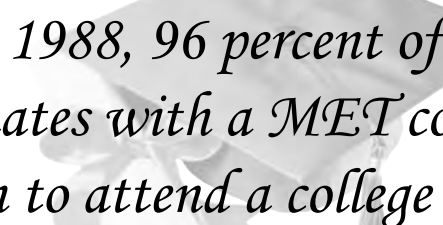
Contract Type (Age as of 12/1/12)	Cost/Monthly 1 Sem. (1/2 yr)	Cost/Monthly 2 Sem. (1 yr)	Cost/Monthly 3 Sem. (1 1/2 yrs)	Cost/Monthly 4 Sem. (2 yrs)	Cost/Monthly 5 Sem. (2 1/2 yrs)	Cost/Monthly 6 Sem. (3 yrs)	Cost/Monthly 7 Sem. (3 1/2 yrs)	Cost/Monthly 8 Sem. (4 yrs)
Full Benefits (Newborn to Age 3)	\$76	\$152	\$228	\$304	\$380	\$456	\$532	\$608
Limited Benefits (Newborn to Age 3)	\$61	\$122	\$183	\$244	\$305	\$366	\$427	\$488
Community College Benefits (Newborn to Age 3)	\$14	\$28	\$42	\$56				

Monthly purchase contracts must be completely paid before the beneficiary is expected to enter college. Four-year monthly purchase plans can be purchased for beneficiaries in grades 8 and below. Seven-year monthly purchase plans can be purchased for beneficiaries in grades 5 and below. Ten-year monthly purchase plans can be purchased for beneficiaries in grades 2 and below, and Fifteen-year monthly purchase plans can be purchased for beneficiaries age 3 years and below. **Monthly purchase amounts include 7.01 percent rate of return, therefore the total amount paid will be more than if paid by lump sum.**

Academic Year Chart

Use age as of December 1, 2012 and grade in school as of September 2012 to arrive at the academic year the Beneficiary/child is expected to attend college.

Age/Grade	Expected Academic Year
Newborn (December 1, 2012 or after)	2031
Newborn (before December 1, 2012)	2030
1	2029
2	2028
3	2027
4 or older and not in school	2026
Kindergarten	2025
1st Grade	2024
2nd Grade	2023
3rd Grade	2022
4th Grade	2021
5th Grade	2020
6th Grade	2019
7th Grade	2018
8th Grade	2017
9th Grade	2016
10th Grade	2015
11th Grade	2014
12th Grade	2013
College Student and above	2013



Since 1988, 96 percent of high school graduates with a MET contract have gone on to attend a college or university.

Easy Steps to Enroll

1. Read the program information and Contract terms.
2. Enroll on-line at SETwithMET.com.
OR
3. Mail in the completed Contract signature page with a check or money order payable to "Michigan Education Trust"

Contract Processing Fee Chart

**** Enroll Early and Save ****

Enroll Online

December 10, 2012 through September 30, 2013

Contract Processing Fee \$25 (save \$35)

Enroll by Mail

December 10, 2012 through September 30, 2013

Contract Processing Fee \$60

Monthly Purchase Contracts

Contacts Received by

January 31, 2013

April 30, 2013

August 31, 2013

September 30, 2013

Monthly Payments Begin

February 25, 2013

May 25, 2013

September 25, 2013

October 25, 2013

Questions?

Call 1-800-MET-4-KID or visit www.SETwithMET.com.

